Annual Financial Statements

for

Aganang Local Municipality

for the Financial Period ended 30 June:	***2013***
Province:	Limpopo
AFS rounding:	***R (i.e. only cents)***

Contact Information:

Name of Municipal Manager:	Mr Ramakuntwane Selepe
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Aganang Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

General information

Members of the Council

MM Mokobodi	**Mayor**
LN Ntsewa	**Speaker**
ML Mothata	Member of the Executive Committee
TG Phaka	Member of the Executive Committee
RA Moloto	Member of the Executive Committee
MM Dikgale	Member of the Executive Committee
KA Mahoai	Member of the Executive Committee
TE Lekoloane	Member of the Executive Committee
MW Kganyago	Member
MB Malebana	Member
ML Lepadima	Member
MM Matsemela	Member
KP Senoamadi	Member
MS Papola	Member
LJ Mogaila	Member
MM Mashamaite	Member
MA Lediga	Member
MD Teffo	**Chief Whip**
LJ Mogotlane	Member
MG Poopedi	Member
KE Kgatla	Member
KJ Kganyago	Member
ME Manamela	Member
KJ Phukubje	Member
SS Cholo	Member
D Sebelebele	Member
ND Madikoto	Member
PM Makweya	Member
CJ Mothotsi	Member
RC Mashitisho	Member
HM Phalane	Member
EL Maraba	Member
JT Mokgapa	Member
RA Magongwa	Member
PS Phaka	Member
MV Mathye	Member
TS Marutla	Member
Kgoshigadi Maraba	Traditional Leaders
Kgoshigadi Matlala	Traditional Leaders
Kgoshi Mashashane	Traditional Leaders

Municipal Manager

R Selepe

Chief Financial Officer

TJ Mokgobu (Acting)

Grading of Local Authority

Grade 3

Auditors

Auditor-General

Bankers

Nedbank

General information (continued)

Registered Office:	Aganang Local Municipality
Physical address:	Corner Gilead & Knobel Road Between Rampuru and Ceres Villages Moletjie
Postal address:	**P.O Box 990** Juno 0748
Telephone number:	015 295 1400
Fax number:	015 295 1447
E-mail address:	admin@aganang.gov.za

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 61, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.
I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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Acting Municipal Manager: Makgabo Komape

Date: 30 August 2013

Aganang Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

Aganang Local Municipality
STATEMENT OF FINANCIAL POSITION
As at 30 June 2013

	Note	2013 R	2012 R
ASSETS			
Current assets			
Cash and cash equivalents	1	3,188,010	4,380,179
Trade and other receivables from non exchange transactions	2.1	26,723,907	6,172,781
Trade and other receivables from exchange transactions	2.2	564,897	2,484,210
Inventories	3	960,316	829,573
Investments	4	31,890,100	17,505,062
VAT receivable	7	14,607,208	8,915,425
Non-current assets			
Property, plant and equipment	5	112,591,403	93,990,013
Total assets		**190,525,842**	**134,277,243**
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	6	7,659,306	10,190,653
Current provisions	8	1,760,952	1,760,952
Current portion of unspent conditional grants and receipts	9	11,162,473	10,003,692
Current portion of finance lease liability	10	384,631	-
Non Current Liabilities			
Long term portion of finance lease liability	10	769,351	
Provisions - Long Service Awards	8	1,231,133	
Total liabilities		**22,967,846**	**21,955,297**
Net assets		**167,557,996**	**112,321,946**
NET ASSETS			
Accumulated surplus		167,557,996	112,321,946
Total net assets		**167,557,996**	**112,321,946**

Aganang Local Municipality
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2013

	Note	2013 R	2012 R
Revenue			
Exchange Revenue			
Rental of facilities and equipment	13	249,329	318,123
Interest earned - external investments	14	2,284,387	1,321,032
Interest earned - outstanding receivables	15	2,367,839	1,650,598
Other income, Public Contribution and Donation	17	2,704,366	7,130,935
Non-Exchange Revenue			
Property rates	12	20,448,486	7,445,140
Government grants and subsidies	16	107,958,220	81,685,597
Total revenue		**136,012,627**	**99,551,425**
Expenses			
Employee related costs	18	32,021,564	27,472,538
Remuneration of councillors	19	9,984,181	8,597,620
Bad debts		2,266,874	11,414,748
Depreciation and amortisation expense	20	7,226,828	7,143,549
Repairs and maintenance		3,507,877	500,906
Finance costs	23	-	-
General expenses	21	24,083,542	23,337,703
Total expenses		**79,090,865**	**78,467,064**
Gain / (loss) on fair value adjustment	22	269,478	(87,843)
(Impairment loss) / Reversal of impairment loss			-
Profit / (loss) on fair value adjustment		-	-
Surplus for the period		**56,652,284**	**20,996,518**

Aganang Local Municipality
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2013

	Note	Accumulated Surplus/(Deficit) R	Total: Net Assets R
Balance at 30 June 2012		**90,778,708**	90,778,708
Correction of prior period error	25	546,721	546,721
Restated balance		**91,325,429**	**91,325,429**
Surplus for the period		20,996,517	20,996,517
Balance at 30 June 2012		**112,321,946**	**112,321,946**
Correction of prior period error	25	(1,416,234)	(1,416,234)
Restated balance		**110,905,712**	**110,905,712**
Surplus on revaluation of property of property, plant and equipment			-
Other items		-	-
Surplus for the period		56,652,284	56,652,284
Balance at 30 June 2013		**167,557,996**	**167,557,996**

Aganang Local Municipality

CASH FLOW STATEMENT

as at 30 June 2013

	Note	2013 R	2012 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**133,644,788**	**99,221,859**
Assessment Rates		20,448,486	15,897,108
Sales of goods and services			
Grants		107,958,220	81,685,596
Interest received		2,284,387	1,321,032
Other receipts		2,953,694	318,123
Other Revenue Received not yet regonised		-	
Payments		**70,335,689**	**59,328,200**
Employee costs		42,005,745	36,070,158
Suppliers		28,329,944	23,258,042
Interest paid			
Other payments			-
Net cash flows from operating activities	24	**63,309,099**	**39,893,659**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		(26,011,221)	(32,577,164)
Decrease/(Increase) in Loans and receivables		(24,323,596)	
Decrease/(Increase) in Trade payables		1,372,568	
Decrease/(Increase) In Finance Liabilities		(1,153,982)	
Increase/(Decrease) Investments		-	
Net cash flows from investing activities		**(50,116,231)**	**(32,577,164)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease liability		-	(121,684)
Net cash flows from financing activities		**-**	**(121,684)**
Net increase / (decrease) in net cash and cash equivalents		13,192,868	7,194,811
Net cash and cash equivalents at beginning of period		21,885,240	14,690,429
Net cash and cash equivalents at end of period	1 & 4	**35,078,108**	**21,885,240**

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Description	Orignal Budget	Budget Adjustments (i.t.o. s28 and s31 of MFMA)
	1	2
Financial Performance		
Property Rates	300,000	-
Service Charges		-
Investment Revenue	1,358,424	-
Transfers recognised - operational	67,523,300	120,674
Other own Revenue	6,685,654	4,755,019
Total Revenue (Exculding capital transfers and contributions)	**75,867,378**	**4,875,693**
Employee Costs	40,037,202	-818,572
Remuneration of Councillors	9,047,065	1,002,707
Debt Impairment	-	-
Depreciation and asset impairment	5,500,000	-
Finance Charges	-	-
Materials and Bulk purchases	-	-
Transfers and Grants	-	-
Other Expenditure	26,783,111	2,347,638
Total Expenditure	**81,367,378**	**2,531,773**
Gain/(loss) on fair falue adjustment		
Surplus/(Deficit)	**-5,500,000**	**2,343,920**
Contributions Recognised - capital & contributions assets	41,743,700	15,246,101
Surplus/(Deficit) after capital transfer and contributions	**-47,243,700**	**-12,902,181**
Share of Surplus/Deficit of associate	-	-
Surplus/Deficit for the year	-47,243,700	-12,902,181
Capital Expenditure		
Transfers recognised - Capital	14,322,972	-
Public Contributions and Donations		

Borrowing		
Internally generated funds	-	-
Total sources of capital	**14,322,972**	**-**
Cash Flows		
Cash/cash equivalents at the beginning of the yea	-	-
Net Cash from (Used) operating	-	-
Net Cash from (Used) Investing	-	-
Net Cash from Used Financing	-	-
Cash/cash equivalents at the year end	-	-

Reconciliation of Budget surplus/deficit with the surplus/deficit in the statement

	Note	
Net surplus/deficit per the statement of Financial performance		57,152,284
Adjusted for:		
Revenue variances		-13,761,552
Fair value adjustments income		0
Surplus on the sale of assets		0
Add: Revenue variances	**1**	-13,761,552
Adjustment for:		9,145,404
Expenditure variances		
Impairments recognised		0
Loss on sale of asset		0
Less: Expenditure variances	**2**	6,878,530
Debt Impairment - Actual		2,266,874
Debt Impairment - Budget		0
Net surplus/deficit per approved budget		-4,616,148

Note 1

Revenue	**Actual**
Property rates	20,448,486
Property rates - Penalties and collection charges	-
Service Charges	-
Rental Received	-
Interest Earned - External Investments	4,652,227
Interest Earned - Outstanding debtors	-
Government Grants and Subsidies	66,450,216
Other Income	2,953,694
Total Revenue	94,504,623

Note 2

Expenditure

Employee Costs	32,021,564
Remuneration of Councillors	9,984,181
Debt Impairment	2,266,874
Depreciation and asset impairment	7,226,828
Finance Charges	-
Materials and Bulk purchases	-
Transfers and Grants	-
Other Expenditure	27,591,418
Total Expenditure	79,090,865

AGANANG LOCAL MUNICIPALITY

ATEMENT OF COMPARISONS OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR EI

2012/2013

Virement (i.t.o Council approved policy)	**Final Budget**	**Actual Outcome**	**Unauthorised Expenditure**	**Variance**
3	**4**	**5**	**6**	**7**
-	300,000	20,448,486	-20,148,486	-20,148,486
-	-		-	-
-	1,358,424	4,652,227	-3,293,803	-3,293,803
-	67,643,974	66,450,216	1,193,758	1,193,758
-	11,440,673	2,953,694	8,486,979	8,486,979
	80,743,071	**94,504,623**	**-13,761,552**	**-13,761,552**
-992000	38,226,630	32,021,564	6,205,066	6,205,066
342,000	10,391,772	9,984,181	407,591	407,591
	-	2,266,874	-2,266,874	-2,266,874
1,800,000	7,300,000	7,226,828	73,172	73,172
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
920,244	30,050,993	27,591,418	2,459,575	2,459,575
2,070,244	**85,969,395**	**79,090,865**	**6,878,530**	
	-	**269,478**		
-2,070,244	**-5,226,324**	**15,144,280**	**-20,640,082**	
-5,637,868	51,351,933	41,508,005	9,843,928	81%
-	-60,145,881	**-26,363,725**	**-**	
-	-	-	-	
-	-60,145,881	-26,363,725	-	
	-			
	- 14,322,972 -	-		14,322,972

	-			
	-	-		-
-	14,322,972	**-**	**-**	**14,322,972**
	-			
	-			
	-	-		
	-	-		
	-	-		
	-	-		
	-	-		

of financial performance

Budget	**Variance**
300,000	-20,148,486
-	-
-	-
	-
1,358,424	-3,293,803
-	-
67,643,974	1,193,758
11,440,673	8,486,979
80,743,071	-13,761,552

38,226,630	6,205,066
10,391,772	407,591
-	-2,266,874
7,300,000	73,172
-	-
-	-
-	-
30,050,993	2,459,575
85,969,395	6,878,530

NDED 30 JUNE 2013

		2011/2012		
Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered
800%	**9**			
		Refer to Note 26	Refer to Note 26	Refer to Note 26
25%	27%			
0%	0%			
6%	6%			
82%	88%			
4%	4%			
11704%	236%			
37%	39%			
12%	12%			
3%	3%			
8%	9%			
0%	0%			
0%	0%			
0%	0%			
32%	34%			
92%	**97%**			
0%				
24%	99%			
	-99%			
0%	0.00			

0%	0.00			
0%	**-**			

Restated Audited Outcome

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005. These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of financial performance, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value Management have made estimates of the selling price and direct cost to sell on certain inventory items.

The write down is included in the impairment of assets note.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the municipality is the current bid price. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply and demand, together with economic factors such as exchange rates, inflation and interest rates.

1.1 Significant judgements and sources of estimation uncertainty

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 8 - Provisions.

Post-retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality

corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.
Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 18, 27R5 and 29.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Presentation of Currency

These annual financial statements are presented in South African Rand which is the functional currency of the municipality.

1.3 Going concern assumption

In terms of the accounting standard GRAP 1 paragraphs 30 to 34 the annual financial statements are prepared on a going concern basis. The assumption is based on the fact that the municipality may invoke its power to levy additional rates or taxes to enable the municipality to be considered as a going concern even though the municipality will be operational for extended periods with negative net assets.

However based on the current solvency and liquidity ratio's tests performed, the municipality's ability to operate as a going concern is under threat.

1.4 Investment property

Initial Recognition:

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion

Subsequent Measurement:

Investment property is measured at fair value. After initial recognition all investment property is measured at fair value at each Statement of financial position date. No depreciation is calculated on these properties.

Item Useful life

Property - land indefinite
Property - buildings 5 - 50 years

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to
the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost).

If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at re-valued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is re-valued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after re-valuation equals its re-valued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a re-valuation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the re-valued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Property, plant and equipment is carried at cost less accumulated depreciation and any impaired costs.

The useful lives of items of property, plant and equipment have been assessed as follows:-

Item	**Average useful life**
Land	0
Furniture and fittings	30 years
Other items of plant and equipment	3 - 5 years
Office equipment	5 - 10 years
Infrastructure	
➢ Roads and paving	10 - 15 years
➢ Storm Water	10 - 15 years
Community	
➢ Buildings	30 years
➢ Recreational facilities	20 - 30 years
➢ Security	20 - 30 years
Other	
➢ Other vehicles	5 - 10 years

for additional other assets, please refer to Asset Management Policy

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.
Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the de-recognition of an item of Intangible assets is included in surplus or deficit when the items derecognised. The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All

cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.6 Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost at reporting date comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

Unsold properties are at the lower cost and net realisable value. Direct cost are accumulated for each separately identifiable development. Cost also includes a portion of the overhead costs.

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or un-collectability.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

De-recognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, (see the Standard of GRAP on Revenue from Exchange
Transactions) transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:

  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class Category

Cash and cash equivalents Financial asset measured at amortised cost Trade and other receivables from non-exchange transactions Financial asset measured at amortised cost

Trade and other receivables from exchange transactions Financial asset measured at amortised cost

Long term receivables Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class Category

Long term liabilities Financial liability measured at amortised cost

Trade and other payables Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.
The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value]. The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately.

The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price

and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data. The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value.

This requires a reclassification of the instrument from amortised cost or cost to fair value.
If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit. For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or

deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and un-collectability of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

De-recognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:

  - derecognise the asset; and

  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for de-recognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.
If the transferred asset is part of a larger financial asset and the part transferred qualifies for de-recognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in de-recognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit. Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are debited by the entity directly to net assets, net of any related income tax benefit [where applicable]. Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit [where applicable].

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for de-recognition, the entity does not offset the transferred asset and the associated liability.

1.8 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is

postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.
- Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.9 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified. Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality. When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to
recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.10 Conditional Grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.12 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.
-

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditure for which the provision was originally recognised.
Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the
sale or transfer, that is, there is a binding agreement.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 34.

1.12 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote;
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.13 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), The Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rand's, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rand's by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow

1.16 Comparative figures

Current year comparatives

Budgeted amounts have been included in the statement of comparison of budget and actual amounts for the current financial year only.

Prior year comparatives

When presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.17 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.18 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.
- Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these property, plant and equipment. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these property, plant and equipment. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end. Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Computer software, internally generated	3 - 5 years
Computer software, other	3 - 5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.19 Non-current assets held for sale

Non-current assets are classified as "held for sale assets" if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale,

which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of its carrying amount and fair value less costs to sell. A non-current asset is depreciated (or amortised) while it is classified as a "held for sale" asset.

Interest and other expenses attributable to the liabilities of the "held for sale assets" are recognised in surplus or deficit.

1.20 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon. A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.
Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired. The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life. When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified. The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined. An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit. Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that noncash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a re-valued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life. A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.
- The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset
is allocated pro rata to the other assets of the unit.

Re-designation

The re-designation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a re-designation is appropriate.

1.21 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service. Vested employee benefits are employee benefits that are not conditional on future employment. Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.
The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment. Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of each reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an municipality (a fund) that is legally separate from the reporting municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period. Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies. The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in
  future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date. The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an municipality shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices). When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled. The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Pension Obligations: The municipality and its employees contribute to **4** different Pension Funds, of which **3** (The Joint Municipal Pension Fund, Municipal Employees Pension Fund and Municipal Gratuity Fund) cater for the majority of the staff. Joint Municipal Pension Fund, Municipal Employees Pension Fund, Municipal Gratuity Fund are defined benefit funds. The South African Local Authority Pension Fund are defined contribution funds.

The schemes are funded through payments to financial consultant companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.22 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.23 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets as per accounting policy number 1.21. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.24 Use of Estimates

The preparation of annual financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.25 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.26 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.27 Grants in aid

The Aganang Municipality transfers money to individuals, institutions and organisations. When making these transfers, The Municipality does not: Receive any goods or services directly in return, as would be expected in a purchase or sale transaction Expect to be repaid in future; or Expect a financial return, as would be expected from an investment. These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

1.28 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired. The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Value in use

Value in use of an asset is the present value of the asset's remaining service potential.
The present value of the remaining service potential of an asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of a cash-generating asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost
is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a re-valued non-cash-generating asset is treated as a revaluation decrease. When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase. After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Re-designation

The re-designation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a re-designation is appropriate.

1.29 Presentation of Budget Information in the Financial Statements

The Municipality shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

1.30 Heritage Assets

Recognition of Assets

Heritage assets is recognised when it has a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Certain heritage assets are described as inalienable items thus assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

A heritage asset is further recognised as an asset only if:

- it is probable that future economic benefits or service potential associated with the asset will to the municipality; and
- the cost of fair value of the asset can be measured reliably.

Subsequent Measurement

Heritage asset is measured at its cost value and should it be acquired through a non-exchange transaction will it be measured at its fair value as at the date of acquisition and is carried at its cost less any accumulated impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus and is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit. If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit and is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Although a heritage asset is not depreciated is the heritage asset assess at each reporting date to disclose whether there is an indication that it may be impaired.

In terms of the standard, compensation from third parties for heritage assets that have been impaired, lost or given up, should be included in surplus or deficit when the compensation becomes receivable.

The municipality will treat any difference at that date between the carrying amount of the heritage asset and its fair value in the same way as a revaluation in accordance with this Standard. Should any item of property, plant and equipment or an intangible asset carried at a re-valued amount, or investment property carried at fair value is reclassified as a heritage asset carried at a re-valued amount, the entity applies the applicable Standard to that asset up to the date of change. The entity treats any difference at that date between the carrying amount of the asset and its fair value in accordance with the applicable Standard relating to that asset. Transfer of investment property carried at fair value, or inventories to heritage assets at a re-valued amount, any difference between the fair value of the asset at that date and its previous carrying amount should be recognised in surplus or deficit.

Item use fill live

Property and building	Indefinite
Other Assets	5 to 50 years

De-recognition of Asset

The carrying amount of a heritage is de-recognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.
- The gain or loss arising from the de-recognition, of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2012 or later periods:

GRAP 18: Segment Reporting - Issued March 2005

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2011.

The municipality expects to adopt the standard for the first time in the 2011/12 annual financial statements. It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 20: Related Party – Issued June 2011

Related party relationships exist throughout the public sector, because:

(a) The Municipalities is subject to the overall direction of an executive government or Council and ultimately, parliament, and operate together to achieve the policies of the government

(b) The Municipality conduct activities necessary for the achievement of different parts of their responsibilities and objectives through separate controlled entities, and through entities over which they have significant influence

(c) Public entities enter into transactions with other government entities on a regular Basis, and

(d) Ministers, councillors or other elected or appointed members of the government and other members of management can exert significant influence over the operations of an entity.

The mere existence of related party relationships means that one party can control, jointly control or significantly influence the activities of another party. This provides the opportunity for transactions to occur on a basis that may give one party an advantage at the expense of another. Therefore the disclosure of related party transactions, outstanding balances, and the relationship underlying those transactions is necessary for accountability purposes.

Management could hold positions of responsibility within an entity and therefore members of management will be responsible for the strategic direction and operational management of an entity and are entrusted with significant authority. However, their responsibilities may enable them to influence the benefits of office that flow to them, or their related parties or parties that they represent on the governing body.

Close members of the family of persons related to the entity may influence, or be influenced by them in their transactions with the entity.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The effective date of the standard is for years beginning on or after 01 April 2013.
The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operation.

At present the impact of the standard is not material..

"GRAP 105: Transfer of Functions between Entities under Common Control – Issued November 2010"

"The compliance to the standard would have no effect on the present presentation of the Annual Financial Statement. However should in the future it be necessary to transfer functions between entities under common control will the accounting policy be amended to cater for such transfer."

"GRAP 106: Transfer of Function between Entities Not Under Common Control – Issued November 2010"

"The compliance to the standard would have no effect on the present presentation of the Annual Financial Statement. However should in the future it be necessary to transfer functions between entities not under common control will the accounting policy be amended to cater for such transfer."

GRAP 107: Mergers – Issued November 2010

"The compliance to the standard would have no effect on the present presentation of the Annual Financial Statement. However should in the future there be a merger between entities will the accounting policy be amended to cater for such merger transactions and disclosure."

	Note	2013 R	2012 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		154	92
Cash at bank		3,187,856	4,377,416
Call deposits			
		3,188,010	4,380,179
The Municipality has the following bank accounts: -			
Current Account (Primary Bank Account)			
Nedbank Bank Limited - Account Number 1013906551		2,275,284	5,321,051
Cash book balance at beginning of year		4,380,087	(1,418,064)
Cash book balance at end of year		3,187,856	4,380,087
Bank statement balance at beginning of year		2,825,134	2,825,134
Bank statement balance at end of year		2,275,284	5,321,051
Current Account (Other Account)			
Cash book balance at beginning of year		-	
Cash book balance at end of year		-	-
Bank statement balance at beginning of year		-	
Bank statement balance at end of year			
Savings Account			
Cash book balance at beginning of year		-	
Cash book balance at end of year		-	-
		-	
Bank statement balance at beginning of year		-	
Bank statement balance at end of year			
Cash on hand		154	92
Total cash and cash equivalents		3,188,010	4,380,179
Total bank overdraft		-	-

	Note	2013 R	2012 R
Cash and Cash Equivalent			
Average rate of return		-	-

Cash and cash equivalents are classified as financial instruments under the loans and receivable category. Due to the short term nature of these investments no amortisation was performed.

Fair value is taken at face value.

No cash and cash equivalents (or portions thereof) were pledged as security for any financial liabilities.

No restrictions exist with regard to the use of cash.

No portion is past due or impaired.

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings. Although credit quality can be assessed the Municipality did not apply any methods to evaluate the credit quality.

		Gross Balances R	Provision for Doubtful Debts R	Net Balance R
2	**TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS**			
2.1	**Trade receivables**			
	as at 30 June 2013			
	Service debtors			
	Property rates	47,433,980	(20,710,072)	26,723,907
	Total	**47,433,980**	**(20,710,072)**	**26,723,907**
2.2	**Other receivables**	**564,897**	**-**	**564,897**
	Other receivables	**564,897**	**-**	**564,897**
	Total Trade and other receivables	**46,869,082**	**(20,710,072)**	**27,288,804**
	as at 30 June 2012			
	Service debtors			
	Property and rates	24,615,980	(18,443,199)	6,172,781
	Total	**24,615,980**	**(18,443,199)**	**6,172,781**
	Other receivables	**2,484,210**	**-**	**2,484,210**
	Other receivables	**2,484,210**	**-**	**2,484,210**
	Total Trade and other receivables	**27,100,190**	**(18,443,199)**	**8,656,991**
	Rates: Ageing			
	Current (0 – 30 days)		4,008,404	766,878
	31 - 60 Days		1,989,808	762,345
	61 - 90 Days		2,022,953	756,878
	91 - 120 Days		2,520,656	889,357
	121 - +365 Days		36,892,159	21,440,522
	Total		**47,433,980**	**24,615,980**

Trade and other Receivables

Other Receivables

Trade and other receivables pledged as security

Trade and other receivables were not pledged as security for overdraft facilities.

Credit quality of trade and other receivables

Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

	Note	2013 R	2012 R
2.1 Reconciliation of the doubtful debt provision			
Balance at beginning of the year		18,443,199	7,028,451
Contributions to provision		2,266,873	11,414,748
Doubtful debts written off against provision		-	-
Reversal of provision		-	-
Balance at end of year		**20,710,072**	**18,443,199**

Consumer debtors pledged as security

Consumer debtors were not pledged as security for overdraft facilities.

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counter party default rates. Although credit quality can be assessed the entity did not apply any methods to evaluate the credit quality.

Consumer debtors impaired

The amount of the provision was R 20 710 072 as of 30 June 2013 (2012: 18 443 199).

3 INVENTORIES

	2013	2012
Opening balance of inventories:	**829,573**	**513,043**
Consumable stores - at cost	646,470	329,940
Maintenance materials - at cost	567	567
Refresments	-	
Other goods held for resale – at cost	182,536	182,536
Additions:	**165,354**	**830,690**
Consumable stores	165,354	830,690
Refresments		
Other goods held for resale		
Issued (expensed):	**34,611**	**566,116**
Consumable stores	34,611	566,116
Maintenance materials		
Refresments		
Other goods held for resale		
Water		
Adjustments	-	(51,956)

Aganang Local Municipality
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013 R	2012 R
Closing balance of inventories:		**960,316**	**829,573**
Consumable stores		960,316	829,573
Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net Replacement Cost (NRC):		**-**	**-**
Consumable stores		-	-
Maintenance materials		-	-
Spare parts		-	-
Other goods held for resale		-	-
Water		-	-
Closing balance of inventories:		**960,316**	**829,573**
Consumable stores		960,316	829,573

4 INVESTMENTS

Call investments	31,890,100	17,505,062
	31,890,100	**17,505,062**

	Note	2013	2012
		R	R

5 PROPERTY, PLANT AND EQUIPMENT

5.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Intangibles	Computer Equipment	Office Equipment	Other motor Vehicles	Security Equipment and fencing	Plant Equipment	Furniture & Fittings	Other Assets	Finance lease assets	Total
	R	R	R	R	R								R	R	R
as at 30 June 2012	**1,462,400**	**6,768,911**	**60,111,336**	**16,827,597**	**-**	**87,680**	**276,014**	**378,721**	**1,285,096**	**623,081**	**5,459,928**	**709,249**	**-**	**-**	**93,990,013**
Cost/Revaluation	1,462,400	8,504,121	68,347,044	18,213,827	-	-	-	-	-	-	-	-	-	-	96,527,392
Infrastructures:Others as per FAR	-	-	821,565	-	-	-	-	-	-	-	-	-	-	-	821,565
Intangible (software as per FAR)	-	-	-	-	-	1,036,222	-	-	-	-	-	-	-	-	1,036,222
Other assets as per FAR	-	-	(87,078)	-	-		1,766,842	2,986,055	2,191,109	733,112	10,137,005	1,805,240	-	-	19,532,285
Disposal	-	-	15,942	-	-			52,241	434,511	-	-	151,638	-	-	654,332
Accumulated depreciation and impairment losses	-	(1,735,211)	(8,986,137)	(1,386,230)	-	(948,542)	(1,490,828)	(2,659,575)	(1,340,524)	(110,031)	(4,677,077)	(1,247,629)	-	-	(24,581,784)
Acquisitions / Additions	-	-	18,476,405	3,102,434	-	-	-	-	-	-	-	-	4,354,934	-	25,933,773
Capital under Construction		-	-	-	-								-	-	-
Depreciation	-	-	(3,413,170)	(908,326)	-	-	-	-	-	-	-		(2,882,049)	-	(7,203,545)
Disposals			(158,254)										(4,812,492)		(4,970,746)
Carrying value of disposals	**-**	**-**	-	**-**	**-**								**-**	**-**	**4,786,716**
Cost/Revaluation	-	-	85,448	-	-								-	-	85,448
Accumulated depreciation and impairment losses	-	-	67,060	-	-								4,634,208	-	4,701,268
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-						-	-	-
Transfers	-	-	-	-	-								-	-	-
Other movements*	-	-	(30,257)	-	-								-	-	(30,257)
			-												
as at 30 Junie 2013	**1,462,400**	**6,768,911**	**75,224,016**	**19,021,705**	**-**	**87,680**	**276,014**	**378,721**	**1,285,096**	**623,081**	**5,459,928**	**709,249**	**1,294,601**	**-**	**112,591,402**
Cost/Revaluation	1,462,400	8,504,122	69,182,921	18,213,827	-	1,036,222	1,766,842	3,038,296	2,625,620	733,112	10,137,005	1,956,878	-	-	118,657,245
Infrastructures:Others as per FAR	-	-	18,476,405	3,102,434	-	-	-	-	-	-	-	-	4,354,934		25,933,773
Intangible (software as per FAR)	-	-		-	-	-	-	-	-	-	-	-	-		-
Other assets as per FAR	-	-	85,448	-	-		-	-	-	-	-	-			85,448
Disposal	-	-	(158,254)	-	-			-	-	-	-	-	(4,812,492)		(4,970,746)
Accumulated depreciation and impairment losses	-	(1,735,211)	(12,362,504)	(2,294,556)	-	(948,542)	(1,490,828)	(2,659,575)	(1,340,524)	(110,031)	(4,677,077)	(1,247,629)	1,752,159	-	(27,114,318)

Refer to Appendix A for more detail on property, plant and equipment

Pledged as security

No property, plant and equipment were pledged as security for any financial liabilities.

Refer Appendix B for the detailed property, plant and equipment schedules.

Fully Depreciated Assets

All assets that were fully depreciated in the asset register had their useful lives reviewed in the 2012/2013 financial year. This was processed retrospectively and in terms of GRAP 3 was treated as a prior period error.

Other information

During the financial year useful life of property, plant and equipment has been reviewed, the estimated useful life for certain assets has been adjusted.

Further certain assets that were previously recognised as expenditure were capitalised during the financial year.

Retrospective adjustments made to property, plant and equipment in respect of depreciation calculated assets under construction.

Impairment test were conduct during the financial period and were no provision done for impairment nor any impairment done.

	Note	2,013 R	2,012 R

6 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2,013	2,012
Trade creditors	4,606,045	5,601,312
Payments received in advance	95,271	2,290,794
Retentions	1,176,115	1,798,117
Accrued interest	-	-
Provision for bonus	-	-
Other creditors	1,159,001	-
13th cheque accrual	622,874	500,430
Total creditors	**7,659,306**	**10,190,653**

The fair value of trade and other payables approximates their carrying amounts.

7 VAT RECEIVABLE

	2,013	2,012
VAT receivable	14,607,208	8,915,425
	14,607,208	8,915,425

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

8 PROVISIONS

8.1 Current Leave Provision

	2,013	2,012
Staff leave provision	1,760,952	1,760,952
Total Current Leave Provisions	**1,760,952**	**1,760,952**

8.2 Non-Current Long Service Awards

	2,013	2,012
Long Services Awards	1,231,133	
Total Non-Current Long Service Awards	1,231,133	

Current Leave Provision
The current (short term) of unused leave as at the end of June 2013 is valued at R1042912.00
Sufficient provision has made in prior year and therefor no provision was made for 2012/2013

Non- Current Long Service Awards
The municipality offers employees long service awards for every five years of service completed, from ten years of service to 45 years of service, inclusive.

In the month that each "completed servic"milestone is reached, the employee is granted a long service award

Working days awarded are valued at1/250th of annual salary per day.

Past Year and Future LSA Liability	**Year Ending 30/06/2013**	**Year Ending 30/06/2014**	**Year Ending 30/06/2015**
Opening Accrued Liability	796748	1,231,133	1,396,727
Current-Service Cost	157871	220,655	237,393
Interest Cost	57238	88,059	103,679
Benefit Vesting	0	-143,120	-60,982
Total Annual Expenses	215109	165,594	280,090
Actuarial Loss/Gain	219276		
Closing Accrued Liability	1231133	1396727	1676817

9 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

9.1 Unspent Conditional Grants from other spheres of Government

	2,013	2,012
MIG Grants	9,843,919	9,608,223
FMG	7,398	120,674
MSIG	592,796	274,795
IDC	400,000	
EPWP	318,360	

9.2 Other Unspent Conditional Grants and Receipts

	2,013	2,012
INEC	-	-
Total Unspent Conditional Grants and Receipts	**11,162,473**	**10,003,692**

	Note	2,013 R	2,012 R

Conditional Grants

The extent of government grants recognised in the Statement of financial performance relates to the portion of the grant where the conditions have been fulfilled.

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised as a liability in the Statement of financial position.

Refer to Appendix E for details of unspent conditional grants, receipts and transfers from National, Provincial Government and Other State and Private Entities.

These amounts are invested in a ring-fenced investment account until utilised.

10 FINANCE LEASE LIABILITY

2013 Amounts payable under finance leases	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Within one year	1,153,982	-	1,153,982
Within two to five years			-
	1,153,982	-	**1,153,982**
Less: Amount due for settlement within 12 months (current portion)			384,631
			769,351

2012 Amounts payable under finance leases	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Within one year	-	-	-
Within two to five years			
	-	-	**-**
Less: Amount due for settlement within 12 months (current portion)			-
			-

The liability is secured by office equipment under a deemed finance lease with a carrying value of R769 351. The effective interest rate is fixed at 10% annually and is repayable in 36 equal instalments of which the first was paid in January 2013 . The last instalment is payable during January 2015.

Aganang Local Municipality
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2,013 R	2,012 R
11 OTHER CURRENT FINANCIAL LIABILITIES			
Other current financial liabilities		-	-

12 PROPERTY RATES

Assessment Rates		20,448,486	7,445,140
Total property rates		**20,448,486**	**7,445,140**
Property rates - penalties imposed and collection charges		-	-
Total		**20,448,486**	**7,445,140**

Valuation Roll

Residential		726,436,000	
Business		137,959,249	
Argicallure		887,163,000	
State		40,326,484	
Municipal		19,944,324	
Churches		23,494,901	
Other		414,003,628	
		2,249,327,586	

Prior year comparatives figures were not accounted for in year 2011/12 Financial Statements

13 RENTAL OF FACILITIES

Rental of facilities		249,329	318,123
Total rentals		**249,329**	**318,123**

14 INTEREST EARNED - EXTERNAL INVESTMENTS

Bank		2,284,387	1,321,032
Total interest		**2,284,387**	**1,321,032**

15 INTEREST EARNED - OUTSTANDING RECEIVABLES

Trade receivables		2,367,839	1,650,598
Total interest		**2,367,839**	**1,650,598**

16 GOVERNMENT GRANTS AND SUBSIDIES

Equitable share		75,680,000	64,294,000
MIG Grant		26,617,304	12,528,841
Other Government Grants and Subsidies		5,660,916	4,862,756
Total Government Grant and Subsidies		**107,958,220**	**81,685,597**

	Note	2,013	2,012
		R	R
16.1 MIG Grant			
Balance unspent at beginning of year		9,608,223	2,209,073
Refunds to Treasury during the year		-	-2,209,073
Current year receipts		26,371,000	22,137,064
Conditions met - transferred to revenue		-26,135,305	-12,528,841
Conditions still to be met - remain liabilities (see note 9)		**9,843,918**	**9,608,223**
16.2 MSIG			
Balance unspent at beginning of year		274,795	758,031
Current year receipts		800,000	790,000
Conditions met - transferred to revenue		-482,000	-1,273,236
Conditions still to be met - remain liabilities (see note 9)		592,795	274,795
16.3 FMG			
Balance unspent at beginning of year		120,674	-
Current year receipts		1,500,000	1,250,000
Conditions met - transferred to revenue		-1,613,276	-1,129,326
Conditions still to be met - remain liabilities (see note 9)		7,398	120,674
16.4 EPWP			
Balance unspent at beginning of year		-	-
Current year receipts		1,066,000	685,000
Conditions met - transferred to revenue		-746,740	-685,000
Conditions still to be met - remain liabilities (see note 9)		319,260	-
16.5 INEG (Intergrated National Electrification Grant)			
Balance unspent at beginning of year		-	1,775,195
Current year receipts		-	-
Conditions met - transferred to revenue		-	-1,775,195
Conditions still to be met - remain liabilities (see note 9)		-	-

Aganang Local Municipality
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2,013 R	2,012 R
16.6 CDM Grants			
Operations and Maintenance		2,640,253	3,000,000
Free Basic Water		1,145,987	1,627,345
Total		3,786,240	4,627,345

The above CDM Grant amounts indicates money received from Capricorn District Municipality and the related expenditure is accounted seperately under general expenses vote..

		2,013	2,012
16.7 Independent Development Corporation Grant			
Balance unspent at beginning of year		-	-
Current year receipts		400,000	-
Conditions met - transferred to revenue		-	-
Conditions still to be met - remain liabilities (see note 8)		400,000	-

17 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS

	2,013	2,012
17.1 Other income		
SUNDRY INCOME	281,981	5,302,958
TRAFFIC FEES	1,854,612	1,085,408
SKILLS DEVELOPMENT RE-IMBURSEMENT	15,981	174,420
TRAFFIC FINES	551,792	568,149
Total Other Income	**2,704,366**	**7,130,935**

	2,013	2,012
18 EMPLOYEE RELATED COSTS	**32,021,564**	**27,472,538**
ACTING ALLOWANCE	496,907.28	16,042,242.00
BASIC SALARY	19,398,523.84	4,142,188.00
HOUSING SUBSIDY	183,088.00	1,923,040.00
BONUS	1,293,182.21	134,491.00
OVERTIME	752,799.68	3,363,657.00
REDEMPTION OF LEAVE	162,850.33	89,460.00
CELL PHONE ALLOWANCE	298,230.10	581,703.00
TRANSPORT / VEHICLE ALLOWANCE	2,654,200.81	1,129,209.00
CLOTHING ALLOWANCE	6,516.00	61,411.00
CASUAL WORKERS	25,125.00	5,137.00
WARD COMMITTEES STIPEND	-	-
DANGER ALLOWANCE	50,750.00	-
NON PENSIONABLE ALLOWANCE	-	-
SUBSISTANCE AND TRAVEL	1,415,165.30	-
MEDICAL AID SCHEME	808,764.44	-
PENSION FUNDS	3,639,408.88	-
INDUSTRIAL COUNCIL	8,133.65	-
SKILLS DEVELOPMENT LEVY	241,149.46	-
UNEMPLOYMENT INSURANCE FUND	152,383.80	-
LONG SERVICES AWARDS	434,385.00	-
Employee Related Costs	**32,021,564**	**27,472,538**

Aganang Local Municipality
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2,013 R	2,012 R
Remuneration of the Municipal Manager(For One Month - July 2012)			
Mr R Selepe			
Annual Remuneration		45,123	525,306
13th Cheque		22,607	42,526
Backpay		6,100	19,396
Travel Allowance, Housing and Cellphone Allowance		23,525	282,300
Contributions to UIF, Industrial Levy,Skills Levy, Medical and Pension Funds		10,041	119,268
Redemption of Leave		51,242	-
		158,639	988,796
Remuneration of the Senior Manager Corporate Services			
Mr Absen Laka			
Annual Remuneration		548,494	478,805
Backpay		23,408	14,885
Travel Allowance, Housing and Cellphone Allowance		124,403	145,367
Contributions to UIF, Industrial Levy,Skills Levy, Medical and Pe		90,351	79,254
		786,655	718,311
NB:The former CFO was transferered to Corporate Services with effect from August 2012 to date and the transfer did not affect remunerations.			
Remuneration of Senior Manager Technical Services			
Ms Makgabo Komape			
Annual Remuneration		414,749	370,992
Travel, motor car, accommodation, subsistence and other allowa		214,026	119,350
Contributions to UIF, Medical and Pension Funds		98,641	80,642
		727,417	570,984
Remuneration of Senior Manager Community Services			
Mr Mmanape Thamaga			
Annual Remuneration		398,581	352,779
Travel, motor car, accommodation, subsistence and other allowa		218,590	132,722
Contributions to UIF, Medical and Pension Funds		95,317	76,674
		712,487	562,175
The former Senior Manager Corporate services was transferred to Senior Manager Community services with effect from August 2012 to date and the transfer did not have an impact on the remunerations			
Remuneration of Acting CFO (From Aug To Feb 2013)			
Ms Pascaline Ramutsindela			
Annual Remuneration		-	-
13th Cheque		-	-
Backpayment		-	-
Travel, Housing, Cellphone,Acting Allowance		163,543.08	-
Contribution to UIF, Industrial Levy, Skills Levy & Medical Aid		2,057.09	-
		165,600.17	-
Remuneration of Acting Municipal Manager (From Aug To Feb 2013)			
Ms Ellen Mashakoe			
Annual Remuneration		-	-
13th Cheque		-	-
Backpayment		-	-
Travel, Housing, Cellphone & Acting Allowance		96,148.07	-
Contribution to UIF, Industrial Levy, Skills Levy & Medical Aid		32.48	-
		96,180.55	-

	Note	2,013 R	2,012 R
The Acting MMs salary from CDM was higher than that of the former MM Mr R Selepe, thus it was concluded that the difference between the two salaries would be her remuneration			
Remuneration of Acting Municipal Manager (From Mar To June 2013)			
Mr Mmanape Thamaga			
Annual Remuneration		-	-
13th Cheque		-	-
Backpayment		-	-
Acting Allowance		32,795.24	-
Contribution to UIF, Industrial Levy, Skills Levy & Medical Aid		-	-
		32,795.24	**-**
Remuneration of Acting CFO (From Mar To June 2013)			
Mr T Mokgobu			
Annual Remuneration		-	-
13th Cheque		-	-
Backpayment		-	-
Acting Allowance		83,810.66	-
Contribution to UIF, Industrial Levy, Skills Levy & Medical Aid		-	-
		83,810.66	**-**

The officials with no comparatives figures were not part of the Senior Management Team in the preparation of 2011/12 Financial Statements

19 REMUNERATION OF COUNCILLORS

Annual Remuneration	5852423	5525692
Sitting Allowance	5095	2913
Travelling Allowance & Cellphone Allowance	2414632	2319571
UIF, Medical Aid & Pension Funds	842451	749444
Skills Development Levy (Councillors)	78484	
Subsistence and Travelling Allowance	791097	-
	9984181	**8597620**

Names of Councillors	Annual Remunerations Back Pay and Sitting Allowances	Travel, Car, cellphone allowance	Contribution to UIF, Medical, SDL, Pension Fund	Total
Mayor	427380.86	182,135	123890.64	733406.74
				0.00
Speaker	342005.82	216359.18	99116.60	657481.60
				0.00
Chief Whip	320663.56	199,294	92922.78	612880.01
				0.00
Members of Exco - Dikgale	176405.00	125,412	51108.82	352926.22
Members of Exco - Moloto	176405.00	128,994	51108.82	356507.81
Members of Exco - Phaka	176405.00	153,492	51108.82	381005.67
Members of Exco - Mothata	176405.00	180,639	51108.82	408152.41
Members of Exco - Lekoloane	176405.00	116,820	51108.82	344333.60
Members of Exco - Mahoai	176405.00	102,280	51108.82	329793.68
				0.00
All Councillors	3709457.99	1,887,130	1077468.66	6674056.23
All Traditional Leaders	6092	**-**	0	6092.00
Total Amount	5864030.23	3292554.14	1700051.60	10856635.97

20 DEPRECIATION AND AMORTISATION EXPENSE

Property, plant and equipment	7,226,828	7,143,549
Intangible assets		-
Total Depreciation and Amortisation	**7,226,828**	**7,143,549**

	Note	2,013	2,012
		R	R

21 GENERAL EXPENSES

Included in general expenses are the following:-

Vote Description	2,013 R	2,012 R
ACCOMMODATION	1,452,382.00	1,291,809
ADVERTISEMENTS	360,678.38	395,407
AUDIT FEES	1,776,362.28	1,227,185
BANK CHARGES	115,219.75	383,655
BEREAVEMENT	25,000.00	20,000
BOOKS & PERIODICALS	28,967.42	15,475
BRANDING AND MARKETING	-	25,601
BURSARY FUND	72,089.15	135,200
CAPACITY BUILDING	1,960,173.66	339,440
CATERING	500,329.16	486,683
COMMUNICATION	152,811.01	51,575
ELECTRICTY WATER AND RATES	414,267.68	294,487
ENVIRONMENTAL MANAGEMENT	887,294.30	103,558
EVENTS	401,335.35	261,619
HIV AND AIDS PROGRAMME	-	0
INSURANCE	259,699.97	324,866
IT MANAGEMENT	625,873.45	380,669
LED GRANT	74,256.84	643,327
LAND USE MANAGEMENT	23,154.00	88,550
LICENSES MOTOR VEHICLES TV	16,016.71	16,745
MEMBERSHIP AND REGISTRATION FEES	573,292.57	135,551
MOTOR VEHICLE EXPENSES AND TOLL FEES	2,069,356.84	1,809,806
POSTAGE AND TELEGRAMS	11,766.64	2,367
PROFESSIONAL FEES	1,346,755.90	1,732,872
PUBLISHING (IDP NEWSLETTER ANNUAL REPO	190,670.00	359,020
RENTAL - OFFICE EQUIPMENT	846,902.66	942,506
SECURITY	1,792,162.49	1,154,764
STOCK MATERIAL AND STATIONERY	663,761.81	787,173
SUBSISTENCE AND TRAVEL	-	1,299,198
TELEPHONE	445,694.22	292,533
SOCIAL CONTRIBUTIONS	361,467.57	0
EMPLOYEE ASSISTANCE PROGRAMME	304,743.66	181,780
INFRASTRUCTURE PROJETCS: WRITE-OFFS	2,758,569.75	5,127,840
DISASTER MANAGEMENT	6,531.97	14,718
PUBLIC PARTICIPATION	432,914.00	433,247
TRANSPORT - PUBLIC PARTICIPATION	83,104.00	
SOCIAL CONTRIBUTIONS	287,059.50	184,610
FREE BASIC ELECTRICITY	1,291,905.30	1,302,492
FREE BASIC WATER	1,133,471.84	
FREE BASIC ALTERNATIVE ENERGY	337,500.00	901,190
OFFICE FURNITURE AND EQUIPMENT	-	435.00
PLANT TOOLS AND EQUIPMENT	-	2,009
MOTOR VEHICLES	-	1,703
BUILDINGS & SPORTS FACILITIES	-	186,041
OTHER GENERAL EXPENDITURE		
	24,083,542	**23,337,703**

	Note	2,013 R	2,012 R
22 GAIN / (LOSS) ON FAIR VALUE ADJUSTMENT			
Property, plant and equipment		269,478	-87,843
Intangible assets		-	-
Investment property		-	-
Biological assets		-	-
Other financial assets		-	-
Total Gain / (Loss) on Sale of Assets		**269,478**	**-87,843**
23 FINANCE COSTS			
Borrowings		-	-
Total Finance Costs		**-**	**-**
24 CASH GENERATED BY OPERATIONS			
Surplus/(deficit) for the year		56,652,284	20,996,518
Adjustment for:-			
Depreciation and amortisation		7,226,828	7,143,549
Bad debts		2,266,874	11,414,748
(Gain) / loss on sale of assets		-269,478	87,843
Contribution to provisions - non-current		-	
Contribution to provisions - current			
Finance costs		-	-
Fair value adjustments		-	-
Impairment loss / (reversal of impairment loss)		-	-
Other non-cash item		-3,009,076	-454,293
Operating surplus before working capital changes:		**62,867,432**	**39,188,365**
(Increase)/decrease in inventories		-130,743	-316,530
(Increase)/decrease in trade receivables		-20,551,126	3,093,914
(Increase)/decrease in other receivables		1,919,313	-1,925,459
(Increase)/decrease in VAT receivable		5,691,783	-3,884,632
Increase/(decrease) in conditional grants and receipts		1,158,781	5,261,393
Increase/(decrease) in trade payables		-2,531,347	-1,523,391
Increase/(decrease) in consumer deposits			
Increase/(decrease) in VAT payable		-	
Increase/(Decrease) in Investments		14,385,039	
Other liability			
Cash generated by/(utilised in) operations		**62,809,131**	**39,893,660**

	Note	2,013 R	2,012 R

25 CORRECTION OF ERROR

	2,013	2,012
Provision for bonus	-	1,113,798
Vat	-	
Impairment	-	-20,676
PPE (Buldings)	1,416,234	-127,632
Inventory	-	-236,758
Vat receivables	-	2,782,998
Staff leave accrual	-	1,760,000
Correction of DWAF grant	-	-1,000,000
Net effect on Statement of Financial Position	1,416,234	2,511,730
Net effect on Accumulated surplus opening balance	1,416,234	4,271,730

Correction of Error 2012/2013

Reclassification of accumulated Surplus

Prior year figures affecting accumulated

The effect of changes are as follows:

Nature of an error	Period of an err	Amount of the correction	
Correction of opening balance	11/12	-2,784	-
Correction of opening balance	11/12	11,639	-
Provision for understated depreciation	12/13	15,508	-
Provision for VAT and Plant Tool	11/12	-420	-
Reversal of Depreciation charges	11/12	-8,223	-
Correction of opening balance	11/12	-4,753	-
To balance 1112 Debtors	11/12	39,833	-
Clearing of sundry debtors	12/13	129,323	
Reversal of Journal No JNL0318	11/12	784,292	
Reversal of Journal No JNL0319	11/12	-166,296	
Billing Intergration	12/13	176,500	
Billing Intergration	12/13	-90,883	-
Correction of an error	11/12	-176,500	
Correction of journal JNL0147	12/13	-129,323	
Fair market value for zero rands assets	12/13	-1,390,762	
Correction of an error	12/13	1,255,836	
Provision for long service award	12/13	796,748	
Intergartion from billing	12/13	176,500	
		1,416,234	**-**

Correction of Errors 2011/2012

Reclassification of accumulated Surplus

Prior year figures affecting accumulated

The effect of changes are as follows:

Nature of an error	Period of an err	Amount of the correction	
Correction of Inventory balances (Stationery)	2011/2012	-	1,113,798
Correction of calculation of Impairment	2010/2011	-	-20,676
PPE (Buldings) JNL01451213 , JNL0144121	2011/2012	-	-127,632
Correction of Inventory Balances	2010/2011	-	-236,758
Correction of Vat receivables	2010/2011	-	2,782,998
Correction of Staff leave accrual	2010/2011	-	1,760,000
Correction of DWAF grant	2010/2011	-	-1,000,000
Cash & Cash Equivalent JNL01431213 & JNI	2011/2012	-	
Receivables JNL01481213 & JNL01471213	2011/2012	-	
Net effect on Statement of Financial Position		-	2,511,730
Net effect on Accumulated surplus opening balance		**-**	**4,271,730**

The above information relates to disclosure of prior period errors and

	Note	2,013 R	2,012 R

26 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

26.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

	2,013 R	2,012 R
Opening balance	5,228,278	5,228,278
Unauthorised expenditure current year	-	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	**5,228,278**	**5,228,278**

Incident	Disciplinary steps/criminal proceedings
Over Spending of the Salary Vote	To be submitted to Council for

In terms of Circular 68 and Section 32 of MFMA

	Note	2,013 R	2,012 R

26.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance -		212,541	212,541
Fruitless and wasteful expenditure current year		70,581	70,581
Condoned or written off by Council			
To be recovered – contingent asset (see appendix F)			
Fruitless and wasteful expenditure awaiting condonement		**283,122**	**283,122**

Incident	**Disciplinary steps/criminal proceedings**
Interest for Late Payment() - 2011/12 R 212,541	Still under Investigation - to be forwarded to council for condonement
Legal Cost(Van Der Merwe Dutoit Inc) - 2011/12 R 70,247.19	Still under Investigation - to be forwarded to council for condonement
Interest on late payment(Auditor General) - 2011/12 R 334.19	Still under Investigation - to be forwarded to council for condonement
Interest and penalties on late payment (SARS) - 2011/12 R 24,234.08	Still under Investigation - to be forwarded to council for condonement
interest on late payment (MGF) - 2012/13 R 317.12	Still under Investigation - to be forwarded to council for condonement
Legal cost (T M Lamola)- 2012/13 R 3,310.50	Still under Investigation - to be forwarded to council for condonement

26.3 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance		21,029,480	-
Fruitless and wasteful expenditure current year		-	21,029,480
Condoned or written off by Council		-	-
Transfer to receivables for recovery – not condoned		-	-
Irregular expenditure awaiting condonement		**21,029,480**	**21,029,480**

Incident	**Disciplinary steps/criminal proceedings**
Irregular award made to Councilor(Mothata Luxury Tours) - 2011/12 R 23,640.00	To be submitted to Council for Condonement
Irregular award made to State Offical (Phangwa Developers) - 2011/12 R 487,173.26	To be submitted to Council for Condonement
Irregular award made to State Offical (Sebolaishi Catering) - 2011/12 R 6,500.00	To be submitted to Council for Condonement
Irregular award made to State Offical (Moshu Civils) - 2011/12 R 726,490.08	To be submitted to Council for Condonement
Service level Agreement not signed (Glematile Projects) - 2011/12 R 4,800,000.00	To be submitted to Council for Condonement
Bid Not advertised for required number of days (Sechele Properties) - 2011/12 R1,453,800.00	To be submitted to Council for Condonement
Bid Document not submitted to Audit (Mmakoto Business Enterprise) - 2011/12 R 13,531,876.38	To be submitted to Council for Condonement

In terms of Circular 68 and Section 32 of MFMA

	Note	2,013 R	2,012 R
27 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT			

27.1 Contributions to organised local government

Opening balance			
Council subscriptions		400,000	194,592
Amount paid - current(Cheq No 1232)		-400,000	-194,592
Amount paid - previous years			
Balance unpaid (included in payables)		**-**	**-**

27.2 Audit fees

Opening balance		47,432	-
Current year audit fee		1,895,594	1,274,617
Amount paid - current year		-1,943,026	-1,227,185
Credit Note		-86,354	
Balance unpaid (included in payables)		**-86,354**	**47,432**

The balance unpaid relates to prior year audit fees not yet paid.

27.3 VAT

VAT input receivables and VAT output payables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.

27.4 PAYE and UIF

Opening balance			
Current year payroll deductions		5,006,150	4,801,691
Amount paid - current year		-5,006,150	-4,801,691
Amount paid - previous years			
Balance unpaid (included in payables)		**-**	**-**

27.5 Pension and Medical Aid Deductions

Opening balance			
Current year payroll deductions and Council Contributions		6,858,755	7,021,853
Amount paid - current year		-6,858,755	-7,021,853
Amount paid - previous years			
Balance unpaid (included in payables)		**-**	**-**

	Note	2,013	2,012
		R	R

28 CAPITAL COMMITMENTS

28.1 Commitments in respect of capital expenditure

	2,013	2,012
- Approved and contracted for	**20,857,918**	**19,151,738**
Infrastructure	19,150,823	16,651,195
Community	-	
Heritage	-	
Other	1,707,095	2,500,543
- Approved but not yet contracted for	**-**	**-**
Infrastructure	-	
Community	-	
Heritage	-	
Other	-	
Total	20,857,918	19,151,738
This expenditure will be financed from:		
- Government grants	20,857,918	19,151,738
Total	**20,857,918**	**19,151,738**

29 EMPLOYMENT BENEFITS

No provision was made for Post-Emploment benefits for medical Aid and Pension Fund contributions. In terms of the Defined Contributions Plan the municipality obiligations is determine by the amounts to be contributed during the financial reporting period and has no further post-employment obiligations or liabilities towards the medical and pension benefits.

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

	Note	2,013 R	2,012 R
29.1 MEDICAL BENEFIT INFORMATION			
Defined contribution plan			
The municipalities contribute to three medical aid funds and was the annual contributions as follows:			
BONITAS Medical Aid		631,081	
LA HEALTH Medical Aid		250,742	
SAMWUMED Medical Aid		371,621	
Total Current contributions to defined		1,253,444	3,995,563
29.2 PENSION BENEFIT INFORMATION			
Defined contribution plan			
The municipalities contribute to three pension funds for the employees and councillors and was the annual contributions as follows:			
Municipal Employees Pension Fund(MEPF)		3,336,528	
Municipal Gratuity Fund (MGF)		1,493,795	
Municipal Councilors Pension Fund(MCPF)		774,989	
Total Current contributions to defined		5,605,312	-
30 Financial Instruments			
30.1 Debtors			
Otł Consumer Debtors		26,723,907	6,172,781
VA` Other Debtors		564,897	2,484,210
Vat		14,607,208	8,915,425
Sub-Total		41,896,013	17,572,416
Less: Provision for Bad Debts			
Sub-Total			

	Note	2,013 R	2,012 R
30.2 Creditors			
I Payables		7,659,306	10,190,653
Deposits			
Sub-Total		7,659,306	10,190,653
30.3 Borrowings			
Financial Lease - 3 yrs		769,351	
Current Portion		384,631	
Sub-Total		1,153,982	-
30.4 Cash and Cash Equivalents			
Cash On-Hand		154	92
Cash in Bank		3,187,856	4,377,416
Short- Term Investments		31,890,100	17,505,062
Sub-Total		35,078,110	21,882,570
Total		68,160,834	29,264,333
31 CONTINGENT LIABILITY		**1,262,319**	**-**
See Appendix F for more detail			

32 RELATED PARTIES

Related parties information relating to Salaries and allowances have been disclosed on note 18

The municipality had no related party transaction during the financial period ended 30 June 2013

	Note	2,013	2,012
		R	R

33 EVENTS AFTER THE REPORTING DATE

There were notthing to report after the reporting period

34 RISK MANAGEMENT

34.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and Trade receivables comprise a widespread customer base. The major customers are government department and businesses. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used.

34.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments.

Cash flow forecasts are prepared and

34.3 Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

At year end, financial instruments exposed to interest rate risk were as follows:

- Call deposits

35 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in the **STATEMENT OF COMPARISONS OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2013**

Note	2,013	2,012
	R	R

Aganang Local Municipality
APPENDIX A
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2013

	Cost / Revaluation							Accumulated Depreciation									
	Opening Balance	**Reallocation**	**Additions**	**Disposals**	**Devaluations/ Revaluation**	**Under Construction**	**Closing Balance**	**Opening Balance**	**Reallocation**	**Depreciation**	**Disposals**	**Revalued/ devalued accummulated depreciation**	**Impairment loss/Reversal of impairment loss**	**Closing Balance**	**Transfers**	**Other movements**	**Carrying Value**
	R	**R**	**R**		**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**
Land																	
Land	1,462,400.00	-	-	-	-	-	1,462,400.00	-	-	-	-	-	-	-	-	-	1,462,400.00
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1,462,400.00	-	-	-	-	-	1,462,400.00	-	-	-	-	-	-	-	-	-	1,462,400.00
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure																	
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	69,034,588.39	0.48	18,561,853.43	-158,254.09	1,171,587.42	386,141.19	88,995,916.82	8,923,262.49	-	3,413,170.42	-67,059.76	1,790,123.10	554,558.02	14,614,054.26	-	-	74,381,862.56
Road Furniture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	69,034,588.39	0.48	18,561,853.43	-158,254.09	1,171,587.42	386,141.19	88,995,916.82	8,923,262.49	-	3,413,170.42	-67,059.76	1,790,123.10	554,558.02	14,614,054.26	-	-	74,381,862.56
Community Assets																	
Traffic Station	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Facilities	380,926.00	-	1,696,388.67	-	-	-1,760,058.67	317,256.00	15,655.21	-	10,568.26	-	-	-	26,223.47	-	-	291,032.53
Showgrounds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Halls	11,655,558.66	-	1,062,898.26	-	-	-	12,718,456.92	1,018,248.40	-	388,252.70	-	-	-	1,406,501.10	-	-	11,311,955.82
Taxi Ranks & Bus Shelters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hawker Stalls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	1,012,877.35	-	-	-	-	-	1,012,877.35	104,865.53	-	15,764.55	-	-	-	120,630.08	-	-	892,247.27
Civic Buildings	8,504,121.28	-24,352.90	244,357.38	-	-	1,373,917.48	10,098,043.24	1,735,210.58	-17,247.03	307,673.12	-	-375,751.20	-	1,649,885.47	-	-	8,448,157.77
Parks & Gardens	5,164,464.72	-	98,790.00	-	-	-	5,263,254.72	247,460.42	-	186,067.04	-	-	-	433,527.46	-	-	4,829,727.26
	26,717,948.01	-24,352.90	3,102,434.31	-	-	-386,141.19	29,409,888.23	3,121,440.14	-17,247.03	908,325.67	-	-375,751.20	-	3,636,767.58	-	-	25,773,120.65
Heritage Assets																	
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	97,214,936.40	-24,352.42	21,664,287.74	-158,254.09	1,171,587.42	0.00	119,868,205.05	12,044,702.63	-17,247.03	4,321,496.09	-67,059.76	1,414,371.90	554,558.02	18,250,821.84	-	-	101,617,383.21

Aganang Local Municipality
APPENDIX a
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2013

	Cost / Revaluation							Accumulated Depreciation									
	Opening Balance	Reallocation	Additions	Disposals	Devaluations/ Revaluation	Under Construction	Closing Balance	Opening Balance	Reallocation	Depreciation	Disposals	Revalued/ devalued accummulated depreciation	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	R	R	R		R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	97,214,936.40	-24,352.42	21,664,287.74	-158,254.09	1,171,587.42	0.00	119,868,205.05	12,044,702.63	-17,247.03	4,321,496.09	-67,059.76	1,414,371.90	554,558.02	18,250,821.84	-	-	101,617,383.21
Other Assets																	
Office Equipment	2,986,054.73	-2,187.36	1,426,145.55	-1,969,972.81	-	-	2,440,040.11	2,607,334.54	1,650.18	407,099.74	-2,580,042.57	-55,246.03	-	380,795.85	-	-	2,059,244.26
Furniture & Fittings	1,805,240.04	-4,671.64	340,201.94	-169,744.70	-	-	1,971,025.64	1,095,990.20	-4,437.30	167,357.56	-148,658.10	-138,172.17	-	972,080.18	-	-	998,945.46
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant and Equipment	10,137,004.57	31,212.90	102,885.76	-1,367,280.09	-	-	8,903,823.14	4,677,077.14	20,035.10	1,517,667.03	-1,349,694.37	5,837.67	-	4,870,922.56	-	-	4,032,900.58
Motor vehicles	2,191,108.88	-	1,488,579.13	-408,840.00	-	-	3,270,848.01	906,013.47	-	442,829.92	-275,266.96	-	-	1,073,576.43	-	-	2,197,271.58
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Equipment and Fencing	733,111.82	-	615,532.30	-	-	-	1,348,644.12	110,030.67	-	58,935.81	-	-	-	168,966.48	-	-	1,179,677.64
Computer Equipment	1,766,842.40	-	381,588.64	-768,764.16	-	-	1,379,666.88	1,490,827.76	-	223,845.40	-764,368.90	-76,534.37	-	873,769.89	-	-	505,896.99
Computer Software (part of computer equipment)	1,036,222.17	-	-	-127,889.95	-	-	908,332.22	948,542.37	-	87,596.20	-127,889.95	-	-	908,248.62	-	-	83.60
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	20,655,584.61	24,353.90	4,354,933.31	-4,812,491.71	-	-	20,222,380.11	11,835,816.15	17,247.98	2,905,331.64	-5,245,920.86	-264,114.90	-	9,248,360.01	-	-	10,974,020.11
Finance Lease Assets																	
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**117,870,521.01**	**1.48**	**26,019,221.05**	**-4,970,745.80**	**1,171,587.42**	**0.00**	**140,090,585.17**	**23,880,518.78**	**0.95**	**7,226,827.74**	**-5,312,980.62**	**1,150,256.99**	**554,558.02**	**27,499,181.85**	**-**	**-**	**112,591,403.32**

APPENDIX B
Aganang Local Municipality
SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2013

Description	Vote Number	Cost / Revaluation: Opening Balance	Reallocation	Additions	Disposals	Devaluations/ Revaluation	Under Construction	Transfers	Adjustments	Closing Balance
		R		R			R	R	R	R
Executive and Council		9,966,521	(24,353)	244,357	-	-	1,373,917	-	-	11,560,443
Community and Social Services		12,668,436	-	1,062,898	-	-	-	-	-	13,731,334
Roads		74,199,054	-	18,660,643	(158,254)	1,171,587	386,141	-	-	94,259,172
Public Safety		733,112	-	615,532	-	-	-	-	-	1,348,644
Sport & Recreation		380,926		1,696,389			(1,760,059)			317,256
Other		19,922,473	24,353	3,739,401	(4,812,492)			-	-	18,873,735
Total		**117,870,522**	**0**	**26,019,221**	**(4,970,746)**	**1,171,587**	**-**	**-**	**-**	**140,090,584**

Description	Accumulated Depreciation: Opening Balance	Reallocation	Additions	Adjustments	Disposals	Closing Balance
	R		R	R	R	R
Executive and Council	1,735,211	(17,247)	307,673	(375,751)	-	1,649,885
Community and Social Services	1,123,114	-	404,017	-	-	1,527,131
Roads	9,170,722	-	3,599,237	1,790,123	(67,060)	14,493,023
Public Safety	110,031	-	58,936	-	-	168,967
Sport & Recreation	15,655		10,568			26,223
Other	11,725,785	17,247	2,846,396	(264,115)	(5,245,921)	9,079,393
Total	**23,880,518**	**0**	**7,226,828**	**1,150,257**	**(5,312,981)**	**26,944,622**

Description	Accumulated Impairment: Opening Balance	Additions	Transfers	Disposals	Closing Balance	Accumulated Depreciation / Impairment: Opening Balance	Additions	Transfers	Disposals	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R
Executive and Council	-	-	-	-	-	1,649,885	-	-	-	*1,649,885*	9,910,558
Community and Social Services	-	-	-	-	-	1,527,131	-	-	-	*1,527,131*	12,204,203
Roads	-	-	-	-	-	14,493,023	554,558	-	-	*15,047,581*	79,211,591
Public Safety	-	-	-	-	-	168,967	-	-	-	*168,967*	1,179,677
Sport & Recreation						26,223				*26,223*	291,033
Other						9,079,393				*9,079,393*	9,794,342
Total	**-**	**-**	**-**	**-**	**-**	**26,944,622**	**554,558**	**-**	**-**	**27,499,180**	**112,591,404**

Aganang Local Municipality

APPENDIX C

SEGMENTAL STATEMENT OF FINANCIAL PEI

for the year Ended 30 June 2013

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus / (Deficit) R	
`			
(77 276 507)	36,234,156	(41,042,351)	Technical Services
(6,735,866)	26,276,506	19,540,640	Financial Services
(15,539,053)	15,934,236	395,183	Corporate Services
			Strategic Planning
			Municipal Manager
(99,551,426)	**78,444,898**	**(21,106,528)**	
-	-	-	Less: Inter-Department Charges
(99,551,426)	**78,444,898**	**(21,106,528)**	Total

/

RFORMANCE

2013	2013	2013
Actual Income	**Actual Expenditure**	**Surplus / (Deficit)**
R	**R**	**R**
(25 278 311)	13,927,625	(11,350,686)
(3,806,512)	16,648,538	12,842,026
(78,781,558)	19,117,489	(59,664,069)
-	4,120,704	4,120,704
(28,146,245)	25,276,509	(2,869,736)
(136,012,626)	**79,090,865**	**(56,921,761)**
(136,012,626)	**79,090,865**	**(56,921,761)**

APPENDIX D 1

ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED

	Actual	**Budget**	**2013 Variance**	**2013 Variance**
	R	**R**	**R**	**%**
REVENUE				
Property rates	20,448,486.08	300,000.00	-20,148,486.08	6816%
Service charges	-	-	-	
Rental of facilities and equipment	249,328.64	453,600.00	204,271.36	55%
Interest earned – external investments	2,284,387.14	1,358,424.00	-925,963.14	168%
Interest earned – outstanding debtors	2,367,839.45	11,000.00	-2,356,839.45	21526%
Government grants & subsidies – operating	107,958,221.00	119,670,692.00	11,712,471.00	90%
Other Income	2,704,365.78	9,000,841.00	6,296,475.22	30%
Total Revenue				
	136,012,628.09	**130,794,557.00**	**-5,218,071.09**	104%
			-	
EXPENDITURE			-	
Employee related costs	32,021,563.78	38,226,630.00	6,205,066.22	84%
Remuneration of councillors	9,984,180.92	10,391,772.00	407,591.08	96%
Bad debts	2,266,873.74	-	-2,266,873.74	
Collection costs	-	-	-	
Depreciation	7,226,828.48	7,300,000.00	73,171.52	99%
Repairs & maintenance	3,507,876.57	4,609,076.00	1,101,199.43	76%
Finance costs	-	-	-	
Bulk purchases	-	-	-	
Grants & subsidies paid	-	-	-	
General expenses	24,083,541.83	25,441,917.00	1,358,375.17	95%
Total Expenditure	**79,090,865.32**	**85,969,395.00**	**6,878,529.68**	92%
			-	
NET SURPLUS/(DEFICIT) FOR THE YEAR	**-**	**-**	-	
			-	
Grants & Subsidies	**32,278,221.00**	**43,990,692.00**	**11,162,471.00**	
LGFMG	1,492,602.00	1,500,000.00	7,398.00	100%
MIG	17,379,005.00	26,371,000.00	8,991,995.00	66%
MSIG	482,000.00	800,000.00	318,000.00	60%
Roll over-FMG	120,674.00	120,674.00	-	100%
CDM Grants	3,300,000.00	3,850,000.00		86%

Roll over-MIG	8,756,300.00	9,608,223.00	851,923.00	91%
EPWP Incentive Grant	747,640.00	1,066,000.00	318,360.00	70%
IDC Grant	-	400,000.00	400,000.00	0%
MSIG-Unspent from prev.f	-	274,795.00	274,795.00	0%
Equitable shares	75,680,000.00	75,680,000.00	151,360,000.00	100%
Total grants and Subsidie	**107,958,221.00**	**119,670,692.00**	**11,712,471.00**	

30 June 2013

Explanations of significant variances greater than 10% versus budget
Billing for department of public works and rural development which have not paid their debt
Network companies (Vodacom and MTN) have stopped paying their bills at the Municipality but paying at Traditional council offices as they say the towers ate at their land.
More interest was generated as funds for MIG were not spend on time.
More debtors were charged interest and no payment was received for property rate
Refer to note on grants and subsidies below
Since the changing of bank accounts, SARS has never made payment of vat refund
Non-filling of positions
Delay on implementation of projects lead to lesser spending on grants
The unspent budget is committed as contractor was appointed before the end of 2012-13 financial year.Roll over applied to NT
Expenditure is reported under General Expenses

The unspent budget is committed as contractor was appointed before the end of 2012-13 financial year for the construction of speed humps and bus shelters.
The budget was used by one department on Environmental cleaness
Unspent conditional grant for the 2010-11 not approved by NT and not deducted from Equitable shares

APPENDIX D

ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION

FOR THE YEAR ENDED

	2013			2013
	Actual	**Under Construction**	**Total Additions**	**Budget**
Executive & Council	3,739,401		3,739,401	5,055,400
Finance & Admin				
Planning & Development				
Health	-			
	2,468,944	1,062,898	1,406,046	2,780,000
Community & Social Services	677,065	61,532	615,532	835,236
Public Safety	1,696,389	**-**	**1,696,389**	2,500,000
Sport & Recreation				
Environmental Protection	-			
Waste Management	-			750,000
Road Transport	30,286,058	10,552,618	19,733,440	35,776,830
Water	-			
Electricity	-			
	-			
TOTAL	**38,867,856**	**11,677,048**	**27,190,808**	**47,697,466**

) (2)
I OF PROPERTY, PLANT AND EQUIPMENT)
) 31 June 2013

2013	2013	
Variance	**Variance**	**Explanations of significant variances greater than 5% versus budget**
	-	
1,315,999	73.97	plants were not purchased in 2012/2013 and are part of commitments
	-	
-	-	
311,056	88.81	other projects have not been completed in the 2012/2013
	81.06	other projects have not been completed in the 2012/2014
803,611	67.86	other projects have not been completed in the 2012/2015
-	-	
750,000	-	
5,490,772	84.65	Road projects have been rolled over in the 2013/14
-	**-**	
8,671,439	**18.18**	

DISCLOSURE

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2

Name of Grants		Quarterly receip		
		Sep	Dec	March
Equitable Share	ES			
Extended public works Programme	EPWP	426 000	320 000	320 000
Municipal infrastructure grant	MIG	13 300 000	12 850 000	191 000
Finanacial Management Grant	FMG	1 500 000	0	0
Municipal systems improvement grant	MSIG	800 000	0	0
CDM Water Grant - O & M water	CDM	700 000	0	0
CDM Water Grant - Free Basic Water	CDM	0	224 841	0

APPENDIX E

E OF GRANTS AND SUBSIDIES FOR THE YEAR ENDED 30 June 2013

2003

ots		Quarterly Expenditure for the Year					Delay \ withheld
June	Total	Sep	Dec	March	June	Total	Total
0	1 066 000	0	118 800	257 400	370 540	746 740	319 260
0	26 341 000	127 089	3 766 573	4 426 682	9 058 661	17 379 005	8 961 995
0	1 500 000	217 411	216 103	509 936	549 152	1 492 602	7 398
0	800 000	0	282 000	0	200 000	482 000	318 000
1 940 253	2 640 253	268 179	23 439	271 510	1 146 432	1 709 560	930 693
921 146	1 145 987	252 836	456 589	268 923	354 128	1 332 477	(186 490)

Gazette amount Municipal year	Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
Total		**Yes / No**	
1 066 000		yes	none
26 371 000		yes	none
1 500 000		yes	none
800 000		yes	none
2 000 000		yes	none
1 850 000		yes	none

Appendix F
Aganang Local Municipality
Contingent Liabilties as at 30 June 2013

Case Number	Type of case	Summary of case	Name of parties	Authority that dealt with the case e.g. High Court	Amount involved	Outcome	Total cost to the Municipality	Law firm used	Date finalized
1303623	Civil Matter	The municipality is being sued for failing to pay the service provider for services rendered	Aganang Local Municipality vs Select Projects	Magistrates Court	R 290,000	The matter is still on-going	R 45,000.00	Popela-Maake Attorneys	
69605/1211	Civil Matter	The municipality allegedly withheld retention amount which was due to the service provider.	Aganang Local Municipality vs Conell & Donald Plumbing	High Court	R 700,000.00	The parties have agreed to do settlement out of court	R 40,000.00	M.G. Phatudi Incorporated	
969/2012	Labour Matter	The municipality refuses to release the outcome of the interview proceedings for the post of Senior Communications Officer	Aganang Local Municipality vs Sophonia Mokone Mathobela	High Court	R 30,000.00	The matter is still on-going	R 30,000.00	M.G. Phatudi Incorporated	
407/2011	Civil Matter	The plaintiff claimed an amount for work not covered in the Service Levels Agreement entered between himself and the municipality.	Aganang Local Municipality vs Trade Avail 401 CC	Seshego Court	R 58,319	The matter is still on-going	R 60,282.50	Makwela and Mabotja	
273/2012	Civil Matter	The plaintiff is suing the municipality for unlawful arrest allegedly caused by information given by municipal employee	Aganang Local Municipality vs Patricia Moloto	Magistrates Court	R 54,000.00	The matter is still on-going	R 60,000.00	Makwela and Mabotja	

Appendix F
Aganang Local Municipality
Contingent Liabilties as at 30 June 2013

LP/PLK/RC1257/11	Civil Matter	The Traffic Officers arrested a Plaintiff for allegedly violating the rules of the road. As a result the Plaintiff, was arrested and detained by police officers from Ra-Matlala Police Station. After his release, he sued the municipality on the basis that his constitutional rights were violated (e.g. His detention by police)	Aganang Local Municipality vs Madimetsa David Mahapa	Regional Court	R 130,000.00	The matter is still on-going	R 31,000.00	Mashishi Attorneys Incorporated	
					R 1,262,318.98		R 266,282.50		